

RAILROAD RETIREMENT DISABILITY EARNINGS ACT

SEPTEMBER 19, 2006.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 5483]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 5483) to increase the disability earning limitation under the Railroad Retirement Act and to index the amount of allowable earnings consistent with increases in the substantial gainful activity dollar amount under the Social Security Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE LEGISLATION

The bill amends the Railroad Retirement Act to increase the allowable outside earnings limit for persons receiving railroad retirement disability benefits from the present \$400 per month to \$700 per month, with future indexing for inflation.

BACKGROUND AND NEED FOR THE LEGISLATION

H.R. 5483 was introduced by Mr. Young, Mr. Oberstar, Mr. LaTourette, and Ms. Brown on May 25, 2006. The principal rationale for the legislation was the fact that the existing outside earnings limit for railroad workers drawing railroad retirement disability benefits has not been increased in over a decade.

SUMMARY OF THE LEGISLATION

The legislation amends Section 2(c)(4) of the Railroad Retirement Act of 1974 to increase the current fixed limit on outside earnings that railroad retirement disability beneficiaries may receive without reduction of disability benefits from the current \$400 per

month to \$700 per month, with future indexing (based on the national wage index) to allow for inflation. The new earnings limit would take effect on January 1, 2007.

LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

No hearings were held by the Committee on H.R. 5483. On July 19, 2006, the Committee met in open session and ordered H.R. 5483 favorably reported by voice vote.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the House of Representatives requires each committee report to include the total number of votes cast for and against on each rollcall vote on a motion to report, and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no rollcall votes regarding H.R. 5483.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

COST OF LEGISLATION

Clause 3(d)(2) of rule XIII of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 401 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such an estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the House of Representatives, and section 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included below.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the House of Representatives, the performance goals and objectives of this legislation provide for minor increases in direct spending benefit payments (less than \$500,000 annually) and no increased operating costs for the Railroad Retirement Board and the Railroad Retirement Investment Trust.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 5483 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 15, 2006.

Hon. DON YOUNG,
*Chairman, Committee on Transportation and Infrastructure,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5483, the Railroad Retirement Disability Earnings Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Craig Meklir.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 5483—Railroad Retirement Disability Earnings Act

H.R. 5483 would amend the Railroad Retirement Act to increase—to \$700 a month—the amount a disabled beneficiary can earn while still remaining eligible for a disability annuity. Under current law, disabled annuitants may earn up to \$400 per month. CBO estimates that enacting H.R. 5483 would increase direct spending for railroad retirement benefits by less than \$500,000 per year over the 2007–2016 period.

Based on data provided by the Railroad Retirement Board, CBO estimates that few current or prospective beneficiaries would be affected by the change. Current recipients only infrequently have benefits withheld due to excess earnings. About 100 applicants annually are denied benefits because of excess earnings, and many of those workers have earnings that would exceed the new limit.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Craig Meklir. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis Division.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the House of Representatives, committee reports on a bill or joint resolution of a public character must include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1994 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local or tribal law. The Committee states that H.R. 5483 does not preempt any state, local or tribal law.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms or conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104-1).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

**SECTION 2 OF THE RAILROAD RETIREMENT ACT OF
1974**

SEC. 2. (a) * * *

* * * * *

(e)(1) * * *

* * * * *

(4) No annuity under paragraph (iv) or (v) of subsection (a)(1) shall be paid to an individual with respect to any month in which the individual is under retirement age (as defined in section 216(l) of the Social Security Act) and is paid more than **[\$400 in earnings]** *the monthly allowable earnings as defined in the section* (after deduction of disability related work expenses from employment or self-employment of any form: *Provided, however,* That for purposes of this subdivision, if a payment in any one calendar month is for accruals in more than one calendar month, such payment shall be deemed to have been paid in each of the months in which accrued to the extent accrued in such month. Any such individual under the retirement age (as defined in section 216(l) of the Social Security Act) shall report to the Board any such payment of earnings for such employment or self-employment before receipt and acceptance of an annuity for the second month following the month of such payment. A deduction shall be imposed, with respect to any such individual who fails to make such report, in the annuity or annuities otherwise due the individual, in an amount equal to the amount of the annuity for each month in which he is paid such earnings in such employment or self-employment, except that the first deduction imposed pursuant to the sentence shall in no case exceed an amount equal to the amount of the annuity other-

wise due for the first month with respect to which the deduction is imposed. If pursuant to the first sentence of this subdivision an annuity was not paid to an individual with respect to one or more months in any calendar year, and it is subsequently established that the total amount of such individual's earnings during such year as determined in accordance with that sentence (but exclusive of earnings for services described in subdivision (3)) did not exceed **[\$4,800]** *the amount of earnings computed by totaling the monthly allowable earnings as determined under this section for each month in the year* (after deduction of disability related work expenses), the annuity with respect to such month or months, and any deduction imposed by reason of the failure to report earnings for such month or months under the third sentence of this subdivision, shall then be payable. **[If the total amount of such individual's earnings during such year (exclusive of earnings for services described in subdivision (3)) is in excess of \$4,800 (after deduction of disability related work expenses), the number of months in such year with respect to which an annuity is not payable by reason of such first and third sentences shall not exceed one month for each \$400 of such excess, treating the last \$200 or more of such excess as \$400; and if the amount of the annuity has changed during such year, any payments of annuities which become payable solely by reason of the limitations contained in this sentence shall be made first with respect to the month or months for which the annuity is larger.]** *If the total amount of such individual's earnings during such year (exclusive of earnings for services as described in subdivision (3) and after deduction of disability related work expenses) is in excess of the annual allowable earnings amount, the number of months in such year with respect to which an annuity is not payable by reason of the first and third sentences shall not exceed the number of months derived by dividing the amount by which such annual earnings exceed the annual allowable earnings amount by the monthly allowable earning amount determined under this section. If the computation under the preceding sentence results in a remainder greater than or equal to one-half, the number of months for which an annuity is not payable as determined under the preceding sentence shall be increased by one. The annual allowable earnings amount shall be computed by totaling the amount of monthly allowable earnings as determined under the first sentence of this subdivision for each month in the calendar year. If the amount of the individual's annuity has changed during the calendar year, any payment of annuities which become payable solely by reason of the limitations in the preceding three sentences shall be made first with respect to the month or months for which the annuity is larger. For purposes of this subdivision, "the monthly allowable earnings" shall be \$700, except that for each year after 2007, "the monthly allowable earnings" amount shall be the larger of the amount for the previous year or the amount calculated by multiplying \$700 by the ratio of the national average wage index for the year 2 calendar years before the year for which the amount is being calculated to the national average wage index for the year 2005. The amount so computed will be rounded to the next higher multiple of \$10 where such amount*

6

*is a multiple of \$5 but not of \$10 and to the nearest multiple of \$10
in any other case.*

* * * * *

